

Message Text

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SUBJECT: INDIAN FOREIGN TRADE IN 1975-76

REF: NEW DELHI 6994

1. ACCORDING TO MINISTRY OF COMMERCE PRELIMINARY FOREIGN TRADE DATA FOR IFY 1975-76, INDIAN IMPORTS AMOUNTED TO RS.50.18 BILLION, UP 11 PERCENT OVER THE REVISED 1974-75 FIGURE OF RS.45.20 BILLION. INDIAN EXPORTS IN 1975-76 WERE RS.38.63 BILLION, 16 PERCENT HIGHER THAN THE REVISED RS.33.31 BILLION THE YEAR BEFORE. THE RESULTANT 1975-76 TRADE DEFICIT OF RS.11.55 BILLION (DOLS.1.343 BILLION AT RS.8.60 EQVL DOL.1) WAS marginally lower than the 1974-75 LEVEL OF RS.11.64 BILLION ((\$DOL1.455 BILLION AT RS.8.00 EQVL DOLS1.).

2. DETAILED TRADE STATISTICS ARE NOW AVAILABLE FOR MOST OF LAST FISCAL

YEAR. THE RISE IN IMPORTS OF DOLS.954 MILLION (RS.8.50 EQVL DOL1) IN APRIL-DECEMBER 1975 OVER THE COMPARABLE 1974 PERIOD WAS PRIMARILY DUE TO WHEAT (DOLS.555 MILLION) FOLLOWED BY MANUFACTURED FERTILITERS (DOLS.234 MILLION), MACHINERY (DOLS.176 MILLION), AND CRUDE PETROLEUM (DOLS.54 MILLION). IMPORT ITEMS

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DECLINING IN APRIL-DECEMBER 1975 INCLUDED NON-FERROUS METALS AND

IRON AND STEEL (DOLS.73 MILLION EACT), CRUDE FERTILIZERS (DOLS.21 MILLION) AND PETROLEUM PRODUCTS (DOLS.18 MILLION). MORE THAN 90 PERCENT OF THE EXPORT INCREASE OF DOLS.479 MILLION IN APRIL 1975-JANUARY 1976 OVER THE COMPRABLE PREVIOUS YEAR PERIOD WAS ACCOUNTED FOR BY SUGAR, SILVER, MACHINERY AND TRANSPORT EQUIPMENT, FISH AND LEATHER. EXPORT ITEMS THAT DECLINED SUBSTANTIALY INCLUDED JUTE AND COTTON MANUFACTURES (DOLS.118 MILLION), FOLLOWED BY CRUDE VEGETABLE MATERIALS AND CASHEW KERNELS.

3. IN APRIL-DECEMBER 1975, THE UNITED STATES WAS INDIA'S LARGEST TRADING PARTNER, BOTH IN TERMS OF INDIAN EXPORTS AND IMPORTS. THE U.S

SHARE IN INDIA'S TOTAL IMPORTS WAS 23 PERCENT, THEN IRAN, (9PERCENT)

AND WEST GERMANY AND JAPAN (7 PERCENT EACH). THE U.S. BOUGHT 13 PERCENT OF INDIA'S TOTAL EXPORTS, CLOSELY FOLLOWED BY U.S.S.R. (12 PERCENT), JAPAN (11 PERCENT) AND U.K. (10 PERCENT).

4. COMMENT: THE 1975-76 TRADE FIGURES ARE A SURPRISE. INDIA'S TRADE DEFICIT IS CONSIDERABLY LOWER THAN EXPECTED BECUASE OF THE APPARENT INCREASE IN EXPORTS AND DROP-OFF IN IMPORTS DARING THE FINAL FOUR MONTHS OF LAST FISCAL YEAR. SOME FOOD SHIPMENTS MAY HAVE BEEN POSTPONED BECAUSE OF THE RECORD AMOUNT OF FOODGRAIN STOCKS NOW ON HAND. IF THE FIGURES ARE RELIABLE, THE BETTER TRADE PICTURE IS ONE REASON FOR INDIA'S IMPROVED FOREIGN EXCHANGE RESERVES SITUATION. THE WORLD BANK, IN ITS LATEST BRIEF REPORT FOR THE MAY 27-28 CONSORTIUM MEETING, HAS ESTIMATED IMPORTS OF DOLS5.85 BILLION, EXPORTS OF DOLS 4.4 BILLION, AND A 1975-76 TRADE DEFICIT OF DOLS 1.45 BILLION (REFTTEL). PRELIMINARY ESTIMATES OF 1974-75 INDIAN IMPORTS AND EXPORTS WERE BOTH REVISED UPWARD, WITH THE INCREMENTAL ADJUSTMENT OF IMPORTS BEING TWICE THAT OF EXPORTS. WHEN THE 1975-76 TRADE DATA ARE REVISED, THE TRADE DEFICIT LAST FISCAL YEAR MAY BE SOMEWHAT HIGHER.SAXBE

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